

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****28 August 1958**

to produce for the constitution can be interpreted as a desire for integration. However, the FLN can be expected to play heavily among the Moslem masses

on its demonstrated capability to "carry the war into France itself," following the spectacular 25 August sabotage of French petroleum installations. 25X1

WORLD REACTION TO NUCLEAR TEST SUSPENSION ANNOUNCEMENTFree World

With few reservations, the free world enthusiastically welcomed the US and British conditional offer on 22 August to suspend further nuclear weapons tests for a year beginning 31 October. Reaction was lessened by attention centered on the special General Assembly resolution on the Middle East.

French Foreign Minister Couve de Murville followed up the US-UK announcement with a statement on 24 August that France's nuclear plans remained unchanged. A French Foreign Ministry atomic energy official complained bitterly to US representatives that France had not been consulted and was being put in the position of the "villain in the piece." This official stated that France could not conduct its own nuclear test prior to 31 October, but as "the only country in the world that cannot renounce testing" is prepared to stand firm against world opinion, "especially in the UN."

Otherwise, the Western move brought high praise from official and unofficial sources throughout the free world. Much of the British press was ecstatic--"hope dawned for the world," according to the Liberal News Chronicle. The Japanese generally viewed the announcement as a direct result of their own antitest campaign, and have scrapped previous plans to push a test ban reso-

lution in the forthcoming regular UN General Assembly meeting in favor of a policy of close consultation with the United States. Indian Prime Minister Nehru hailed early press reports of the US decision as "good news"; no Indian paper to date has had any strong criticism for the American conditions, and several have suggested that the Soviet Union now must show its good faith by entering negotiations leading toward firm agreements.

Expression of disappointment that Britain was carrying out its current test series before the suspension's effective date, however, came from several Asian press sources and from the British Labor and Liberal press. Considerable British comment regrets that France and especially Communist China present major obstacles to progress toward a world-wide nuclear disarmament agreement; several Swiss and Dutch papers also comment on the problem of Peiping's role.

Soviet Bloc

The Soviet Union has thus far made no direct official reply or comment on the US and British announcements. Initially, Moscow issued factual accounts of the announcements; however, subsequent Soviet commentaries criticized Washington and London for delaying the opening of talks and effective date of suspension until 31 October.

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Radio Moscow on 20, 22, and 23 August released two letters from Khrushchev and one from Gromyko to European peace groups repeating Soviet appeals for disarmament and for a ban on nuclear tests. The timing of the letters' release--they actually were delivered about a week earlier--points up the Kremlin's desire to undercut the American and British test suspension proposal by playing up Soviet initiative in this regard and to take the major share of credit for the successful conclusion of the Geneva technical talks which preceded the Western announcements.

in replying officially, Moscow can be expected to follow the line set in its propaganda--demands for an earlier meeting and criticism of Western "stalling" tactics and the temporary nature of the proposed suspension. Khrushchev may also urge that the proposed meeting be held on the heads-of-government level. It is unlikely, however, that these considerations will take precedence over Moscow's desire to bring a Western test ban into effect, even if it means accepting the Western terms for the proposed meeting.

(Concurred in by
OSI)

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UNEASY CHURCH-STATE TRUCE CONTINUES IN POLAND

In a tense atmosphere, 100,000 Catholic Poles gathered in the rain at the Jasna Gora shrine in Czestochowa on 26 August to hear Poland's primate, Cardinal Wyszynski, declare that the thousand-year-old Polish Church will never be separated from the nation and to renew their "national vows" to press for greater religious freedom under the state. In renewing the vows, the Polish people are continuing the campaign started last year to rally the populace to the support of the church's efforts to maintain its independence and to win even greater freedoms from the Communist regime.

The campaign has been so successful in revitalizing religious lay activities on a wide scale that the Gomulka regime apparently fears the church will ultimately supplant the party as the principal power in Poland. The party press has charged the church with us-

ing preparations for the celebration of Poland's 1,000th year in 1966 to create a climate for political activity by the clergy.

Serious discord has also risen over religious education and the control over distribution of Catholic charities. While the 1956 church-state agreement provides for religious education in Poland's schools, the regime has placed some obstacles in the way by refusing to license nuns and monks as teachers on the grounds that they are not qualified. A persistent press campaign has repeated charges that the church is trying to force children into religious courses and is discriminating against non-Catholic students. The Catholic charities question remains unresolved because Cardinal Wyszynski refuses to cooperate with the government in distributing charitable goods received from Catholic sources on

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the grounds that this is the church's exclusive function.

While repeatedly claiming that it will not violate the 1956 agreement, the regime has launched a strong press campaign against the church, which in some instances has been virulent and slanderous, and which has charged the church with publishing antistate pamphlets and trying to recover church lands given to the peasants.

These charges could just as well have been made a year ago, suggesting that the church's activities alone are not the reason for the current campaign. Gomulka's overt moves against the church at this time are probably intended mainly to discredit the

clergy, in an effort to win the support of local party leaders who have been demoralized by their loss of authority to the village priests.

Wyszynski has limited room for compromise with Gomulka, even if he should be so inclined. While there is no evidence that he is being pressured by the Vatican, any compromise by Wyszynski, even of a minor nature, would meet with opposition from the senior clergy and the strongly anti-Communist populace. While both church and state appear determined to avoid a serious break in their truce, extremists on both sides make it difficult for them to maintain the delicate balance. [redacted] 25X1

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NEW SOVIET SYSTEM FOR CONTROL OF INDUSTRIAL SUPPLY

Under a new system for planning and administering the supply of commodities for Soviet industry and construction, certain detailed functions formerly performed by USSR Gosplan have been delegated to the republics, predominantly to the Russian Republic (RSFSR) and to the regional councils of national economy (sovnarkhozy). Under the new measures--which further implement Khrushchev's 1957 economic reorganization proposals--USSR Gosplan nevertheless retains control over the supply of critical items and continues to direct the more important supply movements among the republics.

As presented in the USSR Gosplan theoretical journal Planned Economy, the new procedure provides that in those minor instances when the USSR's total production of a commodity is concentrated in the economic area of a single sovnarkhoz,

that sovnarkhoz will plan the distribution of the item. In the same way, when Soviet production of a commodity is concentrated within a single republic, the Gosplan of that republic will plan its distribution. Distribution of a commodity produced in not more than three republics, with 80 to 90 percent of total output concentrated in a single republic, will be planned by the Gosplan of that republic. The supply of some 5,000 items formerly planned by the ministries under USSR Gosplan supervision apparently is affected by this supply reorganization.

Items which are produced widely among the republics or which are "of all-union significance" remain a USSR Gosplan responsibility and will be planned and administered by the new Main Administrations for Interrepublic Supply which have been set up in USSR Gosplan

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recently. These supplant the former ministerial supply and marketing organs which had been "temporarily" consolidated into USSR Gosplan during the first phase of Khrushchev's reorganization to avoid supply disruption. With this "freeze" of supply relations in effect, USSR Gosplan reportedly planned the distribution of about 6,000 items for 1958; some 760 of these items were "funded" commodities, with distribution approved by the USSR Council of Ministers. Under the new setup, USSR Gosplan will plan and administer the supply of those items formerly "funded" as well as some others, bringing the total number of commodities centrally distributed to about 1,000.

This supply reorganization belatedly brings the Soviet system of industrial supply more in line with Khrushchev's re-

gional system of economic organization. The new system also is intended to foster the development of direct relations between consumer and supplier enterprises. This will occur, however, only to the extent that enterprises can work out their supply patterns more easily with sovnarkhozy and union republics than with USSR Gosplan.

Implementation of these measures in the field of supply is intended to bring economies in transportation and to encourage more efficient production specialization through subcontracting, improvements which had been foregone by the regime temporarily in fear that supply disruption might develop if all the measures were implemented simultaneously. (Previously prepared by ORR)

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SOVIET SALES UPSETTING WORLD MARKET FOR TIN

Soviet tin sales rose from 1,000 tons in 1956 to about 10,000 tons in 1957, 6 percent of free-world consumption, and rose to 7,000 tons in the first half of 1958, 14 percent of free-world consumption in that period. This level of sales threatens to disrupt the operations of the International Tin Council, with which the USSR has so far refused to cooperate. This organization of tin producers and consumers maintains a buffer stock designed to prevent excessive price fluctuation and to ensure adequate supplies at reasonable prices. Tin exports play an important part in the economies of Bolivia and Malaya particularly, and the recent Russian sales have brought the

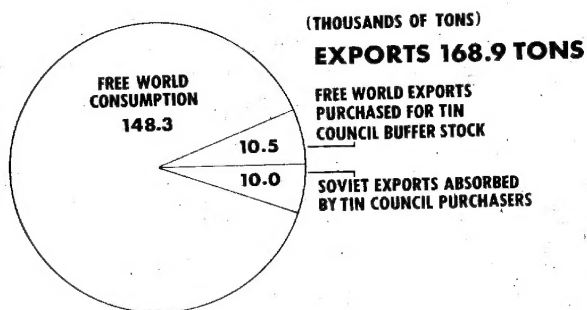
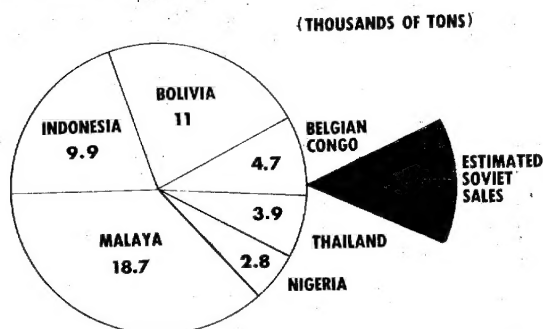
USSR under sharp criticism in both countries.

Malaya, producer of one third of the free world's tin, has been seriously hurt by tin export restrictions. Production has reached its lowest point in 11 years; 39 percent of the mines in operation in December 1957 have been forced to shut down while most others are operating only part time. On 24 August the Malayan Government appealed to the Soviet Union, the United States, and the United Kingdom to cooperate in preventing further depression of tin prices and specifically requested Russia to cease "dumping" tin on the world market pending talks with the International Tin

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TIN EXPORTS AND FREE WORLD CONSUMPTION 1957**TIN COUNCIL QUOTAS FOR FIRST HALF 1958***

*Based on estimated free world consumption of 51,225 tons.

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Council on arrangements for orderly disposal of Russian stockpiles.

Metal sales are important to the USSR as a source of foreign exchange, and Moscow may also be trying to discredit the Western tin-management plan. It sold about \$20,000,000 worth of tin in 1957 and \$15,000,000 worth in the first half of this year. To counter the growing Soviet deliveries, the UK as a leading member of the tin council is urging other tin-consuming countries to cooperate in imposing at least temporary import controls on Soviet tin on 1 September.

Following a decline in tin consumption and a halt in US stockpile purchases last year, the tin council bought up the 10,000-ton free-world surplus production and the 10,000 tons of Soviet tin which were added to the already saturated world market. The continuing decline in world demand for tin, plus a rise in the tin council's purchases to 22,000 tons in March of this year to maintain prices, has made necessary the imposition of export quotas on the six producing countries in the free world.

By mid-August the tin council had nearly exhausted its resources. Soviet shipments of 800 tons in mid-August and the expected arrival of 400-500 additional tons by the end of this month are believed by the British

to be sufficient to break the tin-management plan. The producing countries, chafing under the severe export restrictions placed against them, are cutting their production by as much as 30 percent, while the resources which they have contributed to the tin council in effect are used to buy up Soviet tin.

The USSR for its part-- with production of about 15,000 tons, imports from Communist China of over 20,000 tons, and increasing domestic substitution of other metals for tin-- is able to increase its shipments of tin to the free world. Such deliveries may frustrate

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Western attempts to control the market.

If the other producing countries should join Bolivia and Malaya in their accusations

that the USSR is deliberately undermining the world market, Moscow may accept an invitation proffered earlier this year to participate in the tin council.

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RUMANIAN REGIME TIGHTENS DISCIPLINE

The Rumanian regime is conducting a major drive against embezzlement and petty thievery, problems not new to Rumania but particularly severe at this time. Death penalties have twice been exacted for crimes allegedly involving misappropriation of state funds or theft of public property, and Bucharest has recently created a special bureau "to carry out financial control over state enterprises and institutions." The decision probably derives from the reported disclosure at a June plenum of the party central committee that in 1957-58 the regime had lost 1.5 billion lei (\$250,000,000 at the official exchange rate) through theft or destruction of state property.

The demands of party and government newspapers for an "unceasing struggle" against remnants of "decadent bourgeois liberalism" suggest that the drive--limited thus far to economic crimes--may be expanded to include literary and ideological spheres. The regime's top spokesmen in the creative arts have demanded that writers, critics, and musicians "defend the people's democratic regime, public property, and the rights of citizens."

The US Legation has received unconfirmed reports of the wholesale dismissal and,

in some cases, the arrest of government employees, professional people, and minority leaders for political unreliability, and anticipates that the drive may develop into a general vigilance campaign. Yugoslav press sources report that a "party verification" drive has begun in Rumania with the dismissal of high-ranking functionaries, including at least one regional party secretary, for "serious disciplinary mistakes." These moves probably do not result from any serious threat to the regime, although they may be intended to discourage any interpretation of the recent withdrawal of Soviet forces as a weakening in the regime's internal security position.

The June plenum called for greater ideological vigilance and intraparty discipline and for adherence to the tenets of "socialist morality"; it also reorganized the party control commission--the body which would be responsible for carrying out any widespread purge of the party--and dismissed several top officials, including four candidate members of the central committee. Since then, the penal code has been amended to include drastic punishments for sabotage, treason, or economic speculation, and jurists have been instructed to mete out exemplary sentences in cases of theft or corruption.

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In line with the regime's precautionary measures, the fourth congress of Rumanian trade unions has recently been postponed pending a reorganization of the labor movement. Projected changes in the hierarchical structure of the coun-

try's unions apparently are intended to increase the control of the central council, i.e., the regime's labor spokesman, over the industrial and trade unions by simplifying the labor organizations' chain of command.

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SIHANOUK'S VISIT TO COMMUNIST CHINA

Premier Sihanouk, during his visit to Peiping, emphatically reaffirmed Cambodia's commitment to a policy of neutrality. Following up Cambodian recognition of Peiping in July, both countries have appointed ambassadors.

Chinese leaders accorded Sihanouk unusual attention during the visit. Mao Tse-tung on one occasion talked with him for six hours. Chou En-lai held "many talks" with Sihanouk and, with Foreign Minister Chen Yi, personally escorted him on some of his tours, including a visit to China's first atomic reactor.

Sihanouk's itinerary concentrated mainly on industrial areas of Northeast China, and seems to have been designed to impress him with the country's industrial advances. In the joint communiqué issued at the end of the visit, Peiping said it was ready to extend economic assistance in addition to the \$23,000,000 grant made in 1956. The Chinese Communists promised gifts of small iron and steel works, which probably would be showpieces since Cambodia has insufficient coal and iron resources to develop a steel industry.

Although Chou En-lai expressed sympathy for Cambodia in its border problems with its neighbors--an obvious reference to South Vietnam and Thailand--the communiqué made no reference to military aid. Cambodian officials in Phnom Penh have sought to reassure the United States that Cambodia's attitude toward the West is unchanged despite Sihanouk's statements in Peiping suggesting a more pro-Communist position. The Cambodian army chief of staff has told an American military official that his government had no desire to have a Chinese military mission in Phnom Penh despite dissatisfaction with "inadequate" US aid. A cabinet member stated flatly that recognition of Peiping did not pre-empt a "military alliance" or acceptance of Chinese Communist military aid.

The cabinet official also said that despite the Cambodian belief that the Chinese Communists had "scrupulously observed" Chou En-lai's 1956 pledge not to intervene in Cambodia's affairs, "extensive precautions" would be maintained against possible subversion in schools. Peiping is aware that this is an issue on which cordial Sino-Cambodian relations might be

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wrecked; and during Sihanouk's visit, Chou En-lai "advised" Chinese in Cambodia to "refrain from taking part in political activities." However, Peiping's enhanced prestige among Chinese in the country and Phnom Penh's

abolition of the Overseas Chinese self-administration system will facilitate Communist efforts to gain control of Chinese school administrations.

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INDONESIA

The dissidents attacked a large American rubber estate in North Sumatra three times during July and August, each time with greater severity, and have threatened various foreign interests with extortion. Approximately 500 Americans, not counting dependents, are in Sumatra, employed by rubber and oil interests. American interests in Celebes are largely limited to Christian missions which have so far had no significant difficulty with the dissidents.

The Chinese Nationalist Government, which had been giving limited air support to the North Celebes dissidents, has decided to discontinue its supply program.

Although two PBV amphibious aircraft will be held in reserve for "special activities," all Chinese Nationalist "volunteer" pilots used on Celebes flights are being returned to their units. Apparently one reason for cessation of Nationalist

support is the rebels' inability to make payments on their mounting debt. Nationalist officials also feel that the dissidents, with the loss on 15 August of Tomohon, their last major population center in North Celebes, can no longer arrange for air drops.

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The Djakarta government, apparently in retaliation for Chinese Nationalist aid to the dissidents, has banned the Kuomintang and its organizations in Indonesia. The ban, which has been anticipated since last spring when measures were begun against Nationalist-oriented businessmen and newspapers, will permit increased influence by the already dominant Communists in the large Chinese community. The decree is worded to cover political parties with foreign ties, however, and could eventually be used against the Indonesian Communist party.

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BURMESE GENERAL ELECTIONS EXPECTED IN NOVEMBER

Premier Nu's cancellation of the budgetary session of Parliament, scheduled for 28 August, has intensified political campaigning for what promise to be Burma's most closely contested elections since achievement of independence in 1948. The elections are expected to take place in November. No single party will go to the polls with an assured majority, and for the first time district commissioners throughout Burma agree that free elections can be held. Established party leaders are already campaigning vigorously, and new parties, including one which is avowedly Communist, are being organized.

Nu's precarious eight-vote majority in Parliament has depended on the 44 votes held by the Communist-influenced National United Front (NUF) since the vote of confidence in June. Although Nu has been able to establish firm ties with Dr. E Maung, president of the moderate Justice party in the NUF, neither his "clean" Anti-Fascist People's Freedom League (AFPFL) nor the opposition "stable" AFPFL, headed by former Deputy Premiers Ba Swe and Kyaw Nyein, has been able to enlarge its support in Parliament.

General elections are being forced on Nu by violent dissension in the NUF. While the Justice party and the crypto-Communist Burma Workers party are anxious to maintain a coalition

with Nu, the radical left wing of the front has broken away in protest against American military aid and the government's insistence that insurgents surrender before their political rights are restored.

In the coming elections there will be four major contestants--the "clean" and "stable" wings of the AFPFL and the moderate and radical factions of the NUF. Because of Nu's immense personal popularity and his control over government finances,

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the premier and the "clean" AFPFL are in the strongest position. They expect the "stable" AFPFL to be the chief loser. Until the NUF dissension became public, it was widely predicted that the pro-Communists, who won 34 percent of the 1956 vote, would make sweeping gains. With the breakdown of party discipline, however, NUF prospects may decline sharply.

Probably no single party will emerge from the vote with a clear majority, thus endangering the country's political stability. Such a development would force on Nu another government in which his majority would depend even more on the pro-Communist elements in the NUF. Under these circumstances, it is doubtful that he would be able to maintain his anti-Communist position and his insistence on insurgent surrenders.

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SOVIET ARMS DELIVERIES TO AFGHANISTAN

Afghanistan has received additional materiel, apparently under the Soviet bloc arms as-

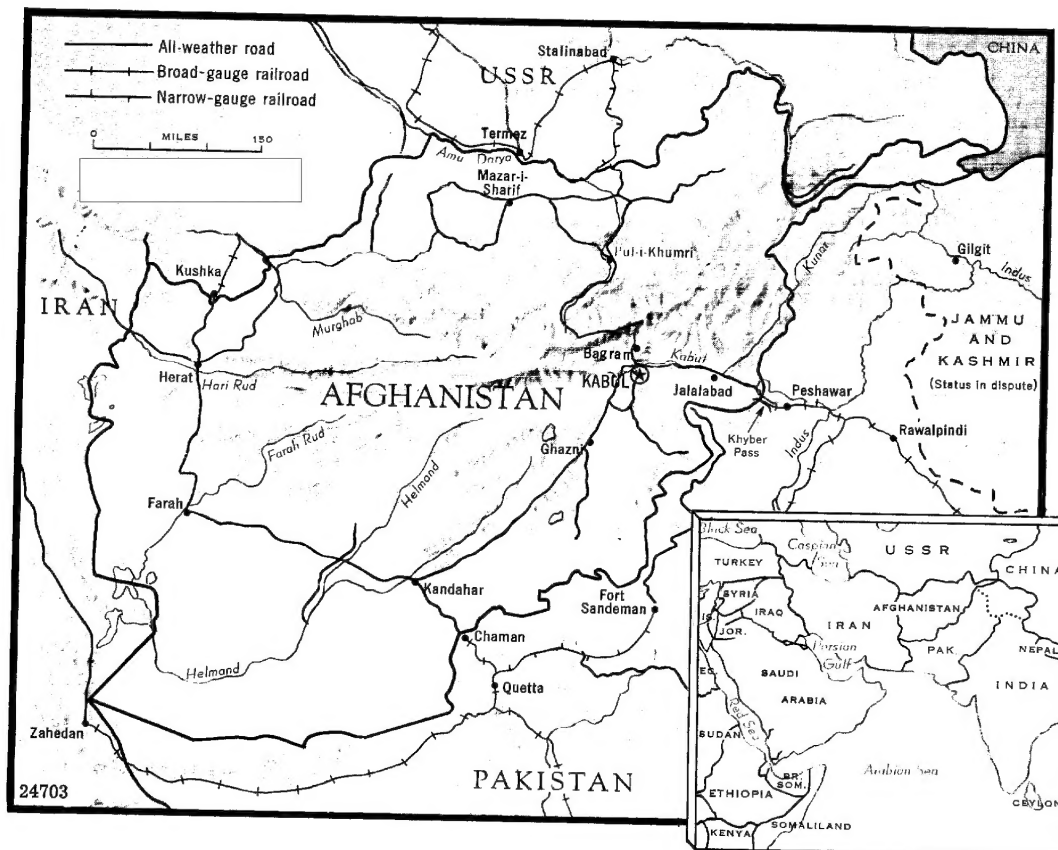
sistance programs announced in August 1956. About 40 tanks were observed in Herat on 10

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August 1958. The additional aid may raise the total value of bloc military assistance sent to Afghanistan to \$75,000,000. Since known bloc arms credits to Kabul total only \$32,000,000, the USSR is probably giving Afghanistan substantial dis-

Three IL-28 (BEAGLE) twin-jet light bombers have been observed recently in Afghanistan. The Afghans have already received from the bloc 36 jet fighters and six jet trainers, mostly MIG-15's (FAGOTS), as well as piston aircraft and heli-



counts similar to those extended to Syria and Yemen.

In addition to the 40 tanks

80 were previously seen entering the Kabul area, and 64 took part in the Independence Day parade on 23 August. These developments suggest that the Afghan Army probably has a minimum of 120 Soviet-made tanks available for distribution to armored units as they are organized.

copters. Work on the military airfield at Bagram, which may also be used for civil air transport, is apparently being speeded by the Soviet technicians on the project.

though little progress is evident on auxiliary buildings.

Except for rifles, which were obsolete Indian models, Afghan troops in the Independence

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Day parade displayed only Soviet-supplied equipment, including assault guns and amphibious vehicles. There has been little evidence so far, however, that substantial quantities of Soviet arms, even from the deliveries of artillery and small

arms which began in 1956, have yet been distributed to the army's rank and file. The latest deliveries will probably further strain Afghanistan's already overburdened storage and maintenance facilities.

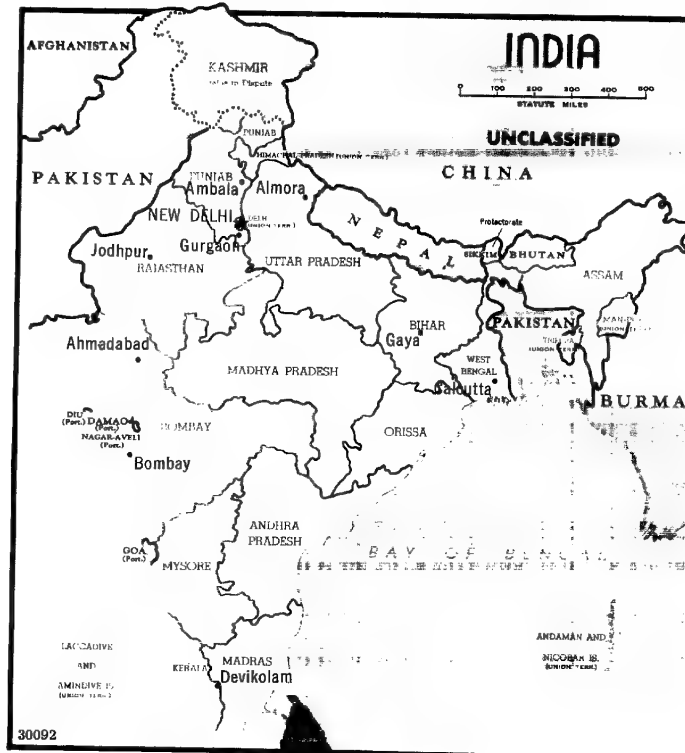
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RECENT BY-ELECTION RECORD OF INDIA'S CONGRESS PARTY

The continued gradual decline of Nehru's Congress party is illustrated by the results of by-elections held in the period between the national elections of March 1957 and the end of July 1958. In 46 by-elections to state assembly seats, the Congress party suffered a net loss of two seats. In six by-elections to the lower house of Parliament, the Congress also lost two seats. The Congress leaders recognize their organization's basic weaknesses but have not yet found the means of remedying them.

Opposition parties first fully recognized the vulnerability of the Congress party after handing it a number of serious setbacks in the 1957 national elections, and have continued since then to defeat it in important "prestige" contests. On 19 May, for instance, the Communist party bolstered its slender majority in the Kerala state assembly by winning a widely publicized by-election at Devikolam. In June, the rightist Jan Sangh overwhelmingly defeated the Congress at

The party's basic problem is that after the achievement of independence in 1947, virtually all of its top-flight leaders were forced to gravitate into the government to ensure the establishment and maintenance of a stable administration. With few exceptions, the party organization was left in the hands of men, who failed to maintain contact with the public. A gap gradually developed between the government and the people, which hard work by Congress party national leaders since early 1956 has failed to fill.



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Gurgaon, in Punjab State, in a contest for the parliamentary seat of the late Education Minister Maulana Azad, one of the most respected Congress leaders in India.

Congress losses at the state and national level have been paralleled at the municipal level. Since March 1957, the Congress has lost control of Bombay city and other important centers in Bombay State. It has lost control of Delhi city. In April 1958 it lost Almora, the home of Home Minister Pant, in Uttar Pradesh State. It has also suffered

municipal setbacks in Rajasthan, Madhya Pradesh, and Bihar states.

On 12 July, the Congress party established special machinery at its headquarters to supervise by-election campaigns, and it has attempted through the appointment of ad hoc committees to end factionalism, defections, apathy, and corruption in various of its state organizations. Provincial party leaders, however, have not as yet shown signs of being sufficiently inspired to make real progress in reversing present election trends. [REDACTED]

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NEW SOVIET EMBASSY IN IRAQ

The new Soviet Embassy in Baghdad has been staffed with a group particularly well qualified to expand penetration efforts in Iraq. The USSR had had no diplomatic representation in Iraq since the latter broke off relations in 1955. Moscow was quick to recognize the new Iraqi regime, and the first contingent of Soviet diplomats arrived in Baghdad on 4 August.

The ambassador and at least one counselor speak Arabic, and the staff as a whole is heavily weighted with area specialists.

Ambassador Grigory Zaytsev was [REDACTED]

minister to Iraq from 1944 to 1948. An experienced economist and Arabic scholar, he most recently served as head of the Near East Department of the Soviet Foreign Ministry. He is a graduate of the Oriental Institute in Moscow and also speaks Persian.

Counselor Yevgeny Podvigin, who speaks classical Arabic fluently, was second secretary in Lebanon from 1946 to 1948 and maintained close contacts with Communist leaders throughout the Levant. He made trips to Palestine in 1947 to meet members of the Pan-Slav Union and the Arab League of National Liberation. He was first secretary in Egypt from November 1950 to August 1952 and attended the Suez Conference in London in 1956.

Counselor Aleksandr Semioshkin held various posts in Israel from 1948 to 1956. Prior to his assignment to Israel, he is believed to have served in Iraq. First Secretary Dmitry Kobelov and Attaché Yury Kuplyakov have also been stationed in Israel. Second Secretary Lev Noskov, who speaks fluent Turkish, was a TASS representative in Istanbul from 1953 to 1956. [REDACTED]

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It seems probable that the Soviet Embassy staff will make a strong attempt to strengthen the Iraqi Communist party and to influence the Kurdish nationalists. Formerly suppressed, the Iraqi Communist party has

become active since the coup; it favors close relations with the USSR and opposes union with the UAR, although it would accept federation. 25X1

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POLITICAL TENSION IN ARGENTINA

Argentine President Frondizi's new labor law is evidently designed to win his administration the badly needed support of organized labor. It has, however, aroused fears in some segments of conservative opinion that it will aid Peronista efforts to regain political power. These fears, together with opposition attacks on Frondizi, have generated new rumors of a military coup--which, however, seems to lack sufficient support at this time.

The controversial labor legislation--which became law on 27 August--calls for new elections in all unions within 90 days. This has been strongly opposed by the military, "democratic" and Communist labor leaders, and by various political groups who fear that Peronistas will regain control of organized labor, which was Peron's principal power base.

The present situation, in which about two thirds of organized labor is controlled by anti-Peronistas and about one third by neo-Peronistas and Communists, does not accurately reflect rank-and-file sentiment. After the provisional Aramburu government had outlawed trade union or political activity by former Peronista leaders, many Peronistas abstained from voting in union elections. Since then the position of the "demo-

cratic" elements has been weakened by lack of mutual cooperation, and the ban on trade union activity by former Peronistas was lifted by amnesty measures last May. The old-line pro-Peron leaders are reported planning to resume union leadership but encountering strong resistance from the neo-Peronistas.

Frondizi, whose party dominates congress, evidently calculates that the younger neo-Peronista trade-union leaders would be the likely victors in new elections and that they could be oriented into positive support for the administration, possibly carrying with them a large part of Peron's former following. He needs labor's support because of its political importance and ability to undercut his economic programs with strikes.

The strongest opposition party is carrying out an intense campaign against Frondizi, possibly to maintain continuous pressure against the appointment of Peronistas to high office and to gain political advantage in forthcoming provincial elections in two provinces and in the congressional elections in 1960.

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PARTY PREPARATIONS FOR VENEZUELA'S ELECTIONS

The recent convention of the leftist but non-Communist Democratic Action (AD), Venezuela's largest party, took a cautious approach to the elections scheduled for 23 November. The major achievement of the convention was to reaffirm the leadership of the moderate wing over the more radical youth elements.

After several weeks of negotiation, Venezuelan political parties have not yet agreed on an election formula to implement the unity program which they endorsed after the fall of dictator Perez last January primarily to meet the threat of a return to military rule. Avoidance of interparty strife necessitates arrangements for a joint presidential candidate, for representation of parties in legislative bodies, and possibly for a tentative apportionment of top executive positions in the new government.

Spokesmen of AD, which holds the balance of power in the negotiations, have previously refrained from defining the party's policy on grounds that the national convention would have to determine it. The convention, however, merely empowered its newly elected executive committee, headed by former President Romulo Betancourt, to continue multiparty

discussions to select nonpolitical candidates for the presidency, without recommending specific candidates or revealing its stand on other election problems.

AD's caution may be due in part to pressure of the military, many of whom are hostile to the party and equate it with Communism. 25X1

Larraza-bal, who has substantial backing within AD and the endorsement of the Communists, has tended to support civilian elements vis-a-vis the military and is considered a leading presidential contender.

The government junta has set up the electoral machinery and is proceeding with the registration of eligible voters. Party leaders, therefore, must soon reach agreement on an election formula if elections are to be held under the unity program in November. Interparty differences, delays in holding party conventions, and the need for tacit approval of the military are among the major blocks to progress, while fear of a military coup is the principal catalyst of party unity. 25X1

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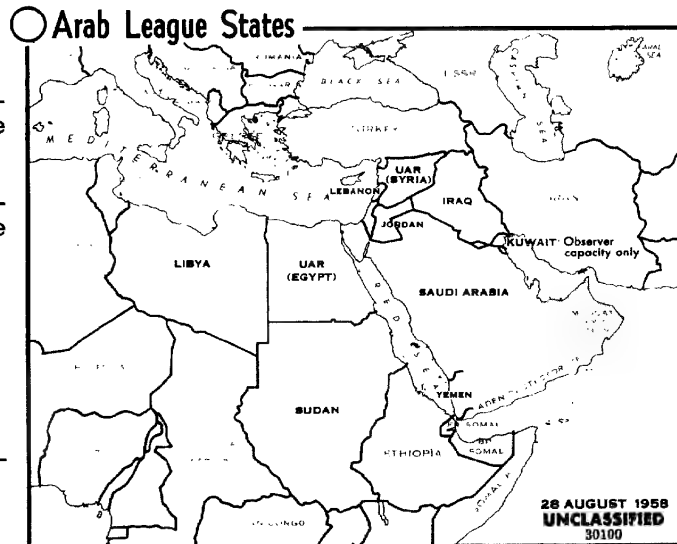
SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****28 August 1958****PART III****PATTERNS AND PERSPECTIVES****NASIR'S GOAL FOR THE ARAB LEAGUE**

At the meeting of the Arab League foreign ministers in Cairo on 6 September, UAR President Nasir may attempt to mold the league into an instrument to further his ascendancy in the Arab world. Under the cover of strengthening the league, he may bring about a reorganization under which the Arab states would relinquish a portion of their control over foreign policy to a Nasir-dominated league, thus, in effect bringing them into the UAR--or the somewhat looser UAS confederation including Yemen--by the back door. The death of Iraq's Nuri Said and the replacement of the Hashimite regime there by a professedly pan-Arab revolutionary government have removed the last major obstacles to such a scheme.

The league has long been regarded as the highest expression of Arab unity--an incomplete and imperfect expression of unity but one which, in the language of the Arab radios, could "grow into reality and perfection because it responds to the deepest yearnings of the Arab people." However, it has not reflected the political realities of the Arab world--in fact, the tensions and conflicts among the Arab states were brought to the surface within the league and seemed greater by contrast with the ideals which it intended to achieve.

The immediate impetus for the formation of the league was the initiative taken by Nuri Said in 1942 when he proposed

the formation of a "greater Syria" which would have included Iraq, Syria, Lebanon, Transjordan, and Palestine. Nuri believed this union would give the Palestine Arabs strength to resist the growing menace of Zionism. From its inception the plan had many enemies--the anti-Hashimite Saudis, Lebanese Christians, and Farouk's Egypt. In the end the league was formed, not as Nuri had envisaged it, but on a looser and more general pattern, with Egypt taking the lead.



At Alexandria in October 1944 a general Arab conference formulated what has come to be known as the "Alexandria Protocol." It delineated the outline of an Arab League and envisaged the progressive surrender of sovereignty by the members.

By the time the charter of the league was signed in March 1945, however, the concept of the organization had again been altered drastically. The protocol originally had stated that "in no case would a state be

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permitted to pursue a foreign policy which would be detrimental to the policy of the league or any of its member states." Decisions of the league council were to be binding on all members, and Lebanese independence and sovereignty were to be respected. As finally signed, however, the charter was a watered-down version of the protocol, stating that only those states which voted for a decision were bound by it.

This changed version resulted from Egyptian and Saudi maneuvers to keep Iraq and Transjordan from uniting with the other Arab states of geographic Syria--Lebanon, Syria, and Palestine. Thus, the league enshrined rather than resolved the fundamental conflict between the Hashimite states on the one side and Saudi Arabia and Egypt on the other, which continued through the Palestine War of 1948 and into the postwar period. Until Iraq joined the Baghdad Pact, the rivalry between the two Arab blocs were usually kept below the surface. After 1955, however, the conflict broke out at league meetings. Nasir opposed all league efforts to reconcile Egypt and Iraq as long as Iraq adhered to the Baghdad Pact, implying that the unity for which the Arabs call was to be denied until Iraq would join with Egypt in a regional "neutrality" outside the pact.

With a new government in power in Iraq and Hashimite

Jordan reduced to impotence, Nasir now may be ready to reorganize the league as a holding company under which all Arabdom may be brought under Egyptian "management" in the name of Arab neutralism. The most important of the ideas now being circulated in the Cairo press is the "suggestion" by the league's secretary general, an Egyptian, that the charter be amended to provide that "all resolutions adopted by a majority be binding upon all members."

This is a return to the Alexandria Protocol of 1944, except that it is now the Iraqi ambassador who appears to be deprecating the necessity of amendment. He asserts that a mere revitalization of the league's machinery and "eradication of the roots of the policies of certain Arab governments"--presumably Jordan and Lebanon--are all that are needed. Saudi Arabian and Libyan representatives have publicly favored amendment of the charter--possibly in the belief that by strengthening the league they will ward off absorption by the UAR.

It seems likely that if Nasir obtains an abdication of independent foreign policy by the league states, he will then move to make the league dominant in defense, finance, education, and other fields, gradually eroding the sovereignty of the other Arab states in the name of Arab unity. 25X1

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TRADE UNIONISM IN CEYLON

The ability of Ceylon's leftist labor unions to disrupt the island's economic and political stability has increased during the two and a half years of Prime Minister Bandaranaike's rule. Strikes called by the most powerful unions, dominated by rival Communist and Trotskyite leaders, have disrupted the operation of Colombo port almost continuously since late 1957. The government's recognition of the dangers created by irresponsible labor elements may eventually cause it to adopt sterner labor policies in areas of vital economic importance.

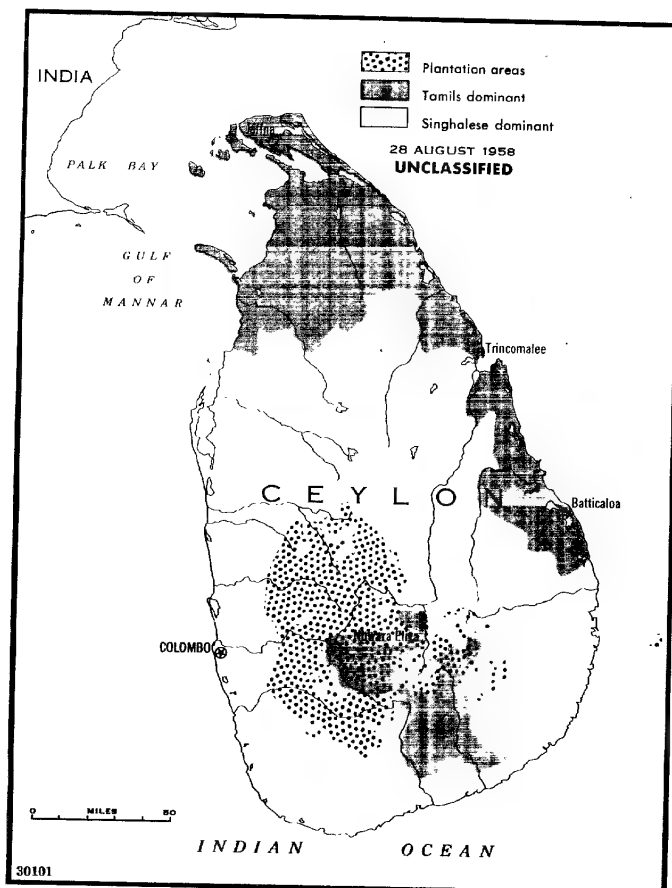
Urban Labor

Since the economy of Ceylon is heavily dependent on the

export of tea, rubber, and coconut products through the port of Colombo, the two important areas of union strength are among the rural plantation workers and the urban labor force in Colombo. Control of the urban unions is contested keenly by Dr. N. M. Perera's opposition Trotskyite Lanka Sama Samaja party (LSSP), which owes no allegiance to Moscow; cabinet minister Philip Gunawardena's Trotskyite Viplavakari Lanka Sama Samaja party (VLSSP), which also opposes Moscow; and the orthodox Communist party. Bandaranaike's Sri Lanka Freedom party is a relative newcomer to the political and labor fields, and its influence with labor is negligible.

Perera--leader of the parliamentary opposition and one of the most astute politicians in Ceylon--controls the most strategic elements of urban labor. A rough estimate of the three parties' total urban labor strength indicates that the LSSP controls about 70 percent, the VLSSP about 7 percent, and the Communists 20 percent.

LSSP-affiliated unions now dominate the port of Colombo. Outside the port, the LSSP controls a wide variety of Colombo's government employees--represented by the Government Workers' Trade Union Federation--and some employees in private firms. Its ability to disrupt the city was illustrated last November, when the LSSP-led strike among railway personnel spread to the port, the Public Works Department, and communications services; and in

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February-March 1958, when strikes occurred among hotel, mercantile, and engineering trade workers and in private oil companies. The benefits which labor reaped from these strikes were attributed by workers largely to the LSSP, and the failure of recent Communist- and VLSSP-led strikes has further solidified the LSSP's labor support.

The Communist party's urban labor strength is less formidable than the LSSP's, but that party also is capable of extensive economic disruption. Its following exists principally among workers in private Colombo trading firms and among white-collar government employees in Colombo.

Two Communist-led strikes last spring failed to benefit the party, however. The government not only dealt resolutely with a strike of its own employees but supported the contention of private employers that a strike against their firms was illegal. As a result, some dissatisfied unions apparently shifted their allegiance to Perera's LSSP.

Strikes by Philip Gunawardena's unions have not caused extensive economic damage and have been generally ill timed.

With the bulk of Ceylon's urban labor controlled by two far-leftist opposition parties, strike activity is one of the chief threats to economic and political stability. The fact that the top Communist and LSSP leaders have substantially more popular appeal than Gunawardena, a cabinet minister, further detracts from the government's potential labor support. This is particularly true of Perera, whose parliamentary stature and popularity with the workers make him the most powerful opposition figure on the island. His articulate criticism of the government's antistrike activ-

ities has cast him in the role of the principal defender of democratic rights for labor.

The government is partially to blame for the economic and political deterioration which has resulted from the steady growth of urban labor unrest. Its former pro-employee bias contributed to the lack of labor discipline, and its general endorsement of union activity gave free rein to far-leftist labor elements which were held in check by the former ruling United National party. The present government's belated efforts to bring undisciplined labor under control by adopting a hard line toward the Communist-led strike of its own employees last April and through the nationalization of Colombo port on 1 August are unlikely alone to remedy the situation.

Plantation Labor

The least politically active but by far the largest organized labor group in Ceylon is composed of some 300,000 workers on tea, rubber, and coconut estates. The entire plantation labor force numbers at least 600,000 and consists primarily of Tamil-speaking workers of southern Indian origin, the great majority of whom have no Ceylonese citizenship.

The largest estate labor union, with a membership of about 200,000, is the non-Communist Ceylon Workers' Congress (CWC) led by S. K. Thondaman. The CWC's leadership has shown responsibility thus far, and during the past two years the organization has refrained from major agitation except for a one-day token strike in December 1957.

The Democratic Workers' Congress (DWC), formed in early 1956 by pro-Communist Abdul Aziz, is the second largest estate labor union with a claimed membership of 50,000. The

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influence of the DWC's Communist-dominated leadership over the union's rank and file has been negligible. The union apparently has not yet managed to attract elements from the large section of unorganized plantation labor, and has recently lost strength to Thondaman's union. The LSSP and Communist plantation unions--with a membership of about 35,000 and 2,500 respectively--probably are among the least influential of Ceylon's major trade organizations.

Outlook

Instances of cooperation between plantation and urban labor have been rare. Thondaman's CWC staged a one-day strike last December in support of demands made by striking unions in Colombo, and most plantation unions supported the LSSP's protest against the government's antistrike measures in Colombo last spring. Cooperation of this type is not likely to become widespread, however, in view of the two groups' geographic separation, the lack of political awareness among the mass of plantation workers, and the differing political views of their leaders.

A Communist-Trotskyite move to form port and municipal united labor fronts in order to increase urban labor's bargaining power is a remote possibility at present. Perera--whose support would be essential to successful urban labor unity--can effectively press his unions' demands unaided by the Communist and VLSSP unions. He will probably attempt independently to increase the LSSP's strength and initiative in port and municipal labor affairs.

Strikes similar to those which plagued the island almost continuously from November 1957 through May 1958 probably will not recur immediately after the government decides to lift the emergency rule imposed on 27 May. However, a long continuation of the existing calm is unlikely. Occasional minor strikes and slowdowns probably will be staged to harass the government, through more widespread labor agitation may be checked until exploitable issues such as the cost of living, lack of economic progress, or antilabor discrimination by government and private employers again take precedence over communal problems.

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CHILE'S PRESIDENTIAL ELECTION

Chile's presidential election scheduled for 4 September comes at a time when inflation, unemployment, and a rising cost of living are the paramount issues. While observers feel independent candidate Jorge Alessandri--running with Liberal and Conservative party support--will win, he is facing strong opposition from the Communist-backed Socialist candidate, Salvador Allende, who sees neosocialism

as the solution to Chile's economic ills and who has promised to initiate commercial and diplomatic relations with the Soviet bloc and to steer Chile into a course of neutrality in the cold war.

None of the five candidates seems capable of polling the clear majority necessary to ensure election. The final decision, therefore, will probably

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be made by Congress, which must choose between the two candidates receiving the highest number of votes. Alessandri, favored in the popular elections by better party organization and financial support, also stands the best chance in Congress, since he is expected to make a bid for the support of the Radical party in exchange for its participation in his government.

Basic Issues

The campaigning, which has been going on throughout 1958, took an anti-American turn earlier in the year over the question of US copper tariffs. The chief issue, however, continues to be the persistent inflation which has been Chile's most pressing problem for many years. This issue won the presidency for Carlos Ibanez in 1954 and has since animated all political controversy. The cost of living rose 19 percent in the first seven months of this year, and unemployment in the metropolitan Santiago area has now reached 9 percent of the total labor force there. Underlying many of these economic difficulties is Chile's continuing trade imbalance and shortage of foreign exchange.

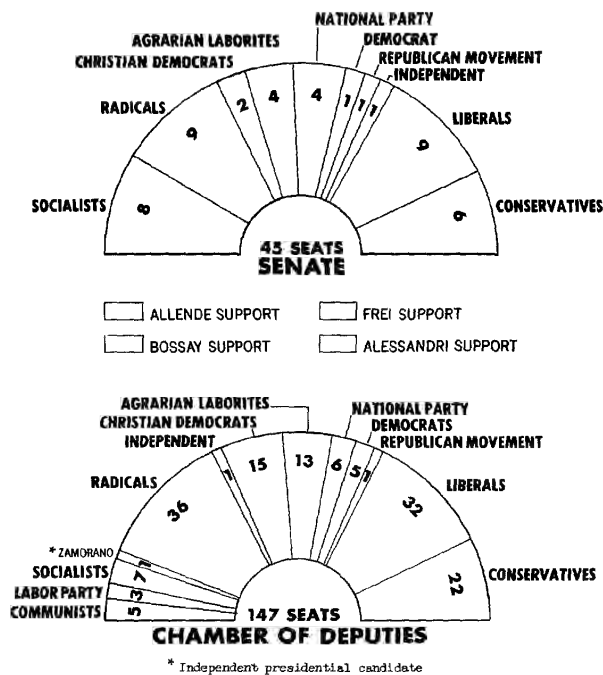
The failure of the US-sponsored Klein-Saks mission to stabilize the Chilean economy in a plan instituted early in 1956 has forced Chileans to look toward individual leaders representing sharply contrasting economic programs. The right-wing parties supporting Alessandri advocate free enterprise and a

minimum of state intervention. Allende, backed by the Popular Alliance Front, advocates economic statism, extensive land reform, and expansion of trade with the Soviet bloc. The Christian Democratic candidate, Eduardo Frei, also favors considerable state intervention in Chile's economy.

Prospective Programs

Alessandri's victory would probably return the government

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to the control of the conservative landholding and business classes which have traditionally dominated Chile's economic and social life. This would mean a withdrawal from the neosocialist, statist economic course that Chile has been following for the past 20 years, a renewed emphasis on free enterprise, and a strong effort to attract private investment from abroad. No agricultural reform is likely.

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In the long run, an Alessandri government might indirectly improve the prospects of the already well-established Communist party by neglecting the economic interests of the lower classes.

Allende, on the other hand, would probably attempt to institute extensive land reform through taxation of idle lands. He would also demand greater control over and an increase in taxes for the US-owned copper companies which supply Chile with 65 percent of its foreign exchange. Allende has stated that he will cancel the US-Chilean military pact, oppose the PL 480 program for Chile, open trade and diplomatic relations with the Soviet bloc, and maintain an isolationist neutral course in the cold war.

Although he has frequently attacked US policies and has the support of the Communist party, which was legalized early this month, Allende has stated that US development capital is essential for Chile. It would not be inconsistent with Chilean politics for him to end his cooperation with the Communists after he is elected. Allende is probably the only candidate capable of implementing the needed land reform and the reorganization of Chile's paper industry, two measures which would tend to stabilize the economy and, in the long run, weaken the Communist party.

As the outstanding exponent of Christian Democratic philosophy for Chile for the last 20 years, Frei would attempt economic and social reform along more orthodox and less violent lines than Allende. Frei is anti-Marxist and anti-Communist, but he favors a high degree of state intervention in economic processes and believes in the

necessity of agrarian reform. Short of an improbable cooperation with either the anticlerical Radicals or the Popular Alliance Front, the Christian Democrats could not obtain the necessary party support to implement major aspects of Frei's program. The Christian Democratic party lacks a solid national organization and is dependent for its support on the individual following of Frei and that of other independent persons or groups in the provinces, a support that cannot be discounted in view of the unusually large independent vote in Chile.

The Radical party continues to back Luis Bossay--despite the hopelessness of his candidacy--in order to maintain the party's unity, which has made it Chile's largest political party and enabled it to elect three presidents since 1938. Evidently hoping to reach a working agreement with the winner, Radical leaders have generally avoided attacking the other candidates personally during the campaign, concentrating instead on President Ibanez.

The candidacy of independent Antonio Zamorano is totally discounted.

Outlook

Regardless of which candidate wins, the new government will be faced with inflation and a severe shortage of foreign exchange, which will be almost impossible to remedy as long as the present low price for copper continues. Faced with a discouraging economic picture, the new president will probably turn to the United States for the economic assistance necessary to implement his programs.

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THE UKRAINIAN PARTY--SOURCE OF LEADING SOVIET CADRES

Since Khrushchev became party first secretary in 1953, an unprecedented number of personnel assigned to key jobs in Moscow and in the Russian federation (RSFSR) have been drawn from the Ukrainian party apparatus. At the presidium level, the addition last June of N. V. Podgorny and D. S. Polyansky as candidate members brought to 10 out of 25 the number of those in the party's ruling body who are or have been Ukrainian officials. The current leadership in Kiev is better represented on the all-union central committee than at any time in the past, and many regional party organizations in the RSFSR are headed by men who previously served in the Ukraine. In addition, several of these people are to be found both in the USSR government and in prominent posts in the smaller republics --two of them as republic party chiefs.

Given the size and importance of the Ukrainian party and what appears to be the natural inclination of the Ukrainian clique in the Kremlin to promote former associates, it is likely that the Ukraine will remain a major source of cadres for some time to come.

Party Qualifications

The use of the Ukraine as a recruiting ground for leading party and, to a lesser extent, government cadres was fairly common before Stalin's death. As the most densely populated republic after the RSFSR, the Ukraine has the second largest party. As a result, more seats on the all-union central committee have always been allocated to the Ukraine than to any other republic except the RSFSR.

Although political patronage seems to play a large role in the selection of leading cadres from the Ukraine, the

republic is one of the best sources for party administrators for other reasons. Because of the importance of the Ukrainian party, men who have served successfully in Kiev are particularly well qualified for work in Moscow. In most cases, the Ukrainian candidate for a post in the central apparatus is familiar with the complex workings of a major Communist party and with the party's role in administering a highly industrialized and agriculturally important state.

The Khrushchev Machine

By the time of the 20th party congress in 1956 it was clear that Khrushchev had used his 12-year stint (1938-49) as Ukrainian party chief to build up a powerful following which was to become the hard core of his support in the central committee in Moscow. Using tactics learned from Stalin, he rebuilt the war-shattered Ukrainian party with men of his own choosing, many of whom, like Aleksey Kirichenko and Leonid Brezhnev, had served with him as political officers in the Red Army. These he posted in key positions throughout the republic, primarily in the oblast first secretaryships. Unlike Stalin, he was careful to cultivate the personal friendship of his underlings; the record of the Ukrainian party congress in 1949 indicates that he was on a first-name basis with almost all of his regional party chiefs.

Khrushchev apparently began to maneuver his cohorts in the Ukraine into positions from which they could eventually gain central committee status as early as December 1949, when he was transferred to Moscow as third-ranking secretary of the all-union central committee. From 1949 to 1952 there was an unusually high turnover in the Ukrainian party leadership, but

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**SOVIET PARTY (CPSU) PRESIDUM MEMBERS
WHO SERVED IN THE UKRAINE**

	POST IN UKRAINE	PRESENT POSITION
Full Members		
KHRUSHCHEV	First secretary, 1938-49	First secretary, CPSU central committee; USSR premier; chairman, CPSU bureau for RSFSR
ARISTOV BELYAYEV BREZHNEV	Oblast party chief, 1946-50	Secretary, CPSU central committee
BULGANIN FURTSEVA IGNATOV KIRICHENKO	Party apparatus, 1938-53; first secretary, 1953-57	Secretary, CPSU central committee
KOZLOV KUUSINEN MIKOYAN MUKHTIDINOV SHVERNIK	Party and trade union work, 1917-19	Chairman, party control committee
SUSLOV VOROSHILOV	Party worker, 1917-19	Chairman, Presidium, USSR Supreme Soviet
Candidate Members		
KALINBERZIN KIRILENKO	Oblast party chief, 1944-55	First secretary, Sverdlovsk Oblast; member, CPSU bureau for RSFSR
KOROTCHENKO	Leading party and government posts since 1938	Chairman, Presidium, Ukrainian Supreme Soviet
KOSYGIN MAZUROV MZHAVANADZE	Military Council, Kiev Military District, 1945-53	First secretary, Georgian party
PERVUKHIN PODGORNY	Oblast party chief, 1950-53; central committee secretary, 1953 to date	First secretary, Ukrainian party
POLYANSKY POSPELOV	Oblast party chief, 1954-55	RSFSR premier

Served under Khrushchev in the Ukraine

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almost all of those who lost their positions showed up later in important jobs. Brezhnev, for example, was displaced as party boss in Dnepropetrovsk Oblast and took over the direction of the Moldavian republic party in 1950. Zinovy Serdyuk, named a secretary of the republic party central committee in 1949, was transferred to Lvov Oblast in 1952; two years later he replaced Brezhnev as party chief in Moldavia.

The expansion of the presidium at the 19th party congress in 1952 was evidently used by Khrushchev to see that his supporters got a foot into the door of the top ruling group. Of the four Ukrainian officials elected to the central committee, two--Demyan Korotchenko and Leonid Melnikov--became full members of the presidium, and Brezhnev was elected a central committee secretary and presidium candidate. Both Korotchenko and Brezhnev were dropped in the revamping of the party command after Stalin's death but later regained their prominence.

In the immediate post-Stalin period, Khrushchev proceeded somewhat slowly in transferring Ukrainian functionaries into vital spots, and the situation in the republic's leadership remained comparatively stable from 1953 to 1955. As his hold on the first secretaryship tightened, however, he began openly to assign his trusted lieutenants to important jobs. While the February 1954 reassignment of Brezhnev as second--

and later first--secretary of the Kazakh party seems to have grown out of the inauguration of the "virgin lands program" that month, the assignment of Serdyuk as Moldavian party chief and of A. I. Struyev as party boss in Molotov (now Perm) Oblast and the elevation of Kirichenko to candidate membership on the party presidium have the earmarks of purely political maneuvers.

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At the plenum of the central committee in July 1955, the decision to convene the 20th party congress the following February was announced. Thereafter, Khrushchev made his most conspicuous moves ensuring the election of former Ukrainian co-workers to the new central committee; between July and December, four officials from the Ukraine were transferred into RSFSR oblast organizations where they would be virtually assured of election to the central committee.

20th Party Congress

The composition of the 20th party congress showed that Khrushchev's operations had paid handsome dividends. The Ukraine sent 191 delegates to the con-

gress, compared with 153 at the 19th congress. On the basis of one delegate for every 5,000 members of the party, this indicated a growth of some 200,000 in the republic party's membership since 1952. Such an increase alone, however, does not account for the fact that the Ukrainian representation on the central committee was exactly doubled. Whereas four full and five candidate members had been elected to the committee at the 19th congress, eight full and ten candidates were named in February 1956.

In addition, all four of the Ukrainian party workers transferred into RSFSR oblasts in the latter half of 1955 became full members of the central committee, as did those who had

**KHRUSHCHEV****KIRICHENKO****KIRILENKO****BREZHNEV****KOROTCHENKO****MZHAVANADZE****THE "UKRAINIAN"
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been shifted out of the republic earlier--Brezhnev, Serdyuk, and Struyev. At the presidium level, Kirichenko was re-elected to full membership, and Brezhnev regained the candidate membership and seat on the party secretariat which he had lost in 1953.

The composition of the central committee provided clear evidence that a significant element in Khrushchev's support had come from the Ukraine. The prominence of the Ukrainian party was further shown by the fact that, excluding military figures, 34 of the 133 full members of the central committee had been or were at that time functionaries of the Ukrainian party or government. Among the candidates, 19 out of 121 had been service in the Ukraine.

Post-Congress Developments

Khrushchev's hold on the Soviet party was considerably stronger after the 20th congress. He had, in the central party organs, not only the support of his Ukrainian associates, but also that of persons he had cultivated in Moscow after 1949.

Particularly since his purge of the antiparty group in June 1957 and the accompanying election of three more of his former Ukrainian subordinates--Korotchenko, Andrey Kirilenko, and Vasily Mzhavanadze--as candidate members of the party presidium, Khrushchev's strength within the party appears formidable.

Although Khrushchev's personal contact with the Ukrainian party organization is no longer close, the Ukraine remains a leading supplier of cadres. Younger men like P. Ye. Doroshenko, chief of the central committee's department of agriculture for the union republics, continue to advance from the Ukraine into responsible posts at the center. Too young to have been members of the coterie formed by Khrushchev during the 1938-49 period, they may owe their advancement in part to the patronage of the older group from the Ukraine. Now that Kirichenko is a full-time party secretary, for example, he may be influential in filling posts with persons who worked under him after Khrushchev left the Ukraine. 25X1

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